

# *MESOAMERICA*

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## **GUATEMALA**

### **And Another Bank Bites the Dust!**

The Guatemalan Monetary Board has closed down three banks in as many months, the latest one being Banco de Comercio (BC) on 12 Jan amidst accusations that it was involved in one of the biggest banking scandals in recent years.

BC's board of directors is charged with mismanaging more than \$234 million from about 7,000 depositors, some of whom had entrusted their life savings to the bank. Most of the missing money was illegally transferred from BC accounts in Guatemala to "off shore" bank accounts in Panama. These fraudulent transfers were unknown to BC's depositors who thought that their money was being invested in Guatemala. The "off shore" financial institutions in Panama that received the BC money transfers are not recognized by the Guatemalan Superintendent of Banks, therefore the swindled money may never be recovered.

The Superintendent of Banks, Willy Zapata, stated that BC's irregularities are more than likely an organized crime operation because the fraud was done so cleverly that the monetary authorities had not detected it previously, even though some of the irregularities had taken place as long as 10 years ago.

BC's directors also were responsible for violating State loan regulations by lending out more money than they were authorized to lend. During most of '06, the bank issued loans for an average of \$2.5 million a month, but the amount loaned grew to as high as \$20.8 million during Nov and Dec '06. Many of the large loans were approved by BC's directors without proper documentation and were granted fraudulently to persons who are believed to be part of the criminal conspiracy to defraud the bank.

Judicial authorities issued arrest warrants for 12 BC board members, but so far they have been impossible to locate and are believed to have abandoned Guatemala, which makes them fugitives from justice.

## **Ríos-Montt to Run for Congress**

On 17 Jan, José Efraín Ríos-Montt, the 81-year-old former army general and dictator and later president of Congress, announced that he would run again for a congressional seat in the upcoming Sep '07 elections. The controversial Guatemalan Republican Front (FRG) party leader, who denies any involvement in human rights abuses that occurred during his brutal military rule in the early '80s, is still optimistic about his future in politics.

However, the Spanish National Court has accused Ríos-Montt and six other former military and police officials with genocide and other crimes against humanity during Guatemala's 36-year civil war against leftist insurgents (Vol. 25, No. 12). Ríos-Montt, considered the most violent dictator in Latin America's recent history based on the number of people killed per capita during his regime, is facing charges of ordering kidnapping, torture, extra-judicial executions, mass murder and terrorism campaigns against thousands of dissidents and Mayan Indians during his brief military dictatorship (Mar '82- Aug '83). However, a seat in Congress could protect him from these charges and further requests for extradition by the Spanish government.

Ríos-Montt announced that he is seeking a seat in Congress "to continue the job of solving the nation's problems," and denied any motivation of seeking further immunity.

## **100 Bodies Recovered from Old Mudslide**

Since Nov '06, almost 100 bodies of victims of a '05 mudslide were recovered, and 50 more bodies are expected to be recovered by the end of Mar, according to government authorities.

In Oct '05, Hurricane Stan caused heavy rain and flooding in Guatemala, which caused a tragic mudslide in the lakeside town of Panabaj that left more than 250 dead or missing persons (Vol. 24, No.10). At that time, the government claimed to have done all it could to search the area for survivors and to recover bodies. The work was very difficult and dangerous due to climatic conditions, and the government lacked the heavy machinery required to excavate the bodies. The search efforts at the time were short-lived, and the affected area—approximately the size of six football fields—became a burial site for the victims.

Relatives of victims maintained the hope of recovering the bodies and had asked international and national organizations for assistance. In Nov '06, after more than a year of waiting, the independent Forensic Anthropology Foundation, which has helped recover bodies of victims of Guatemala's civil war, began an excavation to find the mudslide victims. José Suasnavar, deputy director of the foundation, said that "many of the victims were found perfectly conserved, their bodies still wrapped in the sheets they were sleeping in at the time of the early morning landslide ... some we found in their beds."

As the bodies are recovered, family members are finding a sense of closure to their prolonged suffering, now that they can give their loved ones a proper burial.

## **More Mining Troubles for Glamis Gold**

The Canadian-owned mining company Glamis Gold Ltd has endangered the environment in the western highlands of Guatemala, according to a recent study by *Madreselva*, a Guatemalan environmental NGO.

The study, which focuses on water quality in the sub-basin of the Tzalá River, found high levels of various heavy metals in the water, such as magnesium, copper, aluminum and iron. *Madreselva* believes this has been caused by Glamis Gold's Marlin Project that uses underground and open-pit mining methods. The Marlin Mine is operated by Montana Exploradora de Guatemala, a subsidiary of Glamis Gold, which exploits and processes gold and silver in the municipalities of Sipacapa and San Miguel Ixtahuacán in the western Department of San Marcos (Vol. 24, No. 5).

*Madreselva* presented the study to the Ministry of Energy of Mines (MEM) on 19 Dec, and on 11 Jan an MEM press release denounced Glamis Gold and the Marlin Mine project for industrial contamination and damage to the health of persons and to the environment.

These accusations were denied immediately by the executive director of Glamis Gold, who claimed that "a study done in one day cannot conclude that there is contamination by the Marlin Mine when our tests, conducted every four months, show just the contrary."

However, there is strong disagreement about the quality of tests conducted by Glamis Gold, which conducts its own Environmental Impact Studies (EIS). Dr. Robert E. Moran, who reviews EIS all over the world, reviewed Glamis Gold's EIS and concluded that, "the general quality is poor. It is poorly organized, poorly written," and it lacks data and basic facts. Furthermore, he stated that the kind of EIS report produced by Glamis Gold would not be accepted in the US or Canada.

Although there are doubts about the quality and standards of both studies, *Madreselva's* report detailing the problems allegedly caused by Glamis Gold was presented to the Guatemalan Congress. *Madreselva* is asking for a one-year suspension of the Marlin Mine's exploitation license so that further tests can be conducted.

The contamination of the Tzalá River not only affects the Department of San Marcos, but also the Yucatán Peninsula and the Gulf of Mexico. The Tzalá River feeds into the Grijalva River, which passes through Mexican territory and ends in the Gulf of Mexico. The Mexican Embassy in Guatemala has been notified of the resulting environmental hazards to both countries as well.

In reaction to the *Madreselva* study results, more than 600 people protested outside the main entrance to the Marlin Project mine and set up blockades in the community of Tres Caminos, blocking the roadway to the mine. Some inhabitants in the Department of San Marcos also are upset about the prices paid to families for the land they sold to Glamis Gold. Some families were paid \$5,000 for their land while others were only paid \$500 for the same amount of land. Community leaders claim that the price paid by Glamis Gold was unfair and that the families who received \$500 deserve to be paid the difference.

Communities in San Marcos affected by the polluted river are hoping to hold a forum where scientific evidence can be presented about the alleged water contamination, and where all parties would have a chance to debate the issue and look for viable solutions.

—Stephanie Luckam